

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 AID-05 DOTE-00 DODE-00 PM-05 /046 W
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R 251229Z APR 78
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 8333
INFO AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM
COMICEDEFOR KEFLAVIK IC
CINCLANT NORFOLK VA

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 0553

USOECD

E.O. 11652: GDS
TAGS: ELAB, PINT, IC
SUBJECT: LABOR IN DISARRAY

REF: REYKJAVIK 0462 (DTG 060926Z APR 78) NOTAL

SUMMARY. AS DATE FOR NATIONAL ELECTION DRAWS NEAR,
ICELANDIC LABOR IS CONFUSED AND SEEMS UNABLE TO PLAY
DECISIVE ROLE IN ELECTORAL CAMPAIGN OR OUTCOME. STATE
OF DIVIDED AND LEADERLESS LABOR MOVEMENT HAS
DETERIORATED OVER LAST SEVERAL MONTHS. UNIONS ARE
SPLIT OR ARE QUARRELLING WITH ONE ANOTHER OVER GOVERN-
MENT ECONOMIC MEASURES AND HOW TO RESPOND TO THEM.
FOLLOWING TWO SIGNIFICANT STRIKES LAST YEAR AND WILDCAT
WALKOUTS SINCE, PUBLIC HAS TIRED OF LABOR STRIFE AND IS
NOT INCLINED TO LOOK FAVORABLY ON LABOR DEMANDS. MANY
WITHIN LABOR WHO WANT TO PROTEST FOR HIGHER
INCOMES CANNOT DO SO BECAUSE PREVIOUS STRIKES
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HAVE ALREADY BEEN COSTLY IN TERMS OF LOST WAGES
AND "GAINS" WIPED OUT BY INFLATION. CURRENT LABOR
STRIKE AFFECTING EXPORTS HAS FOCUSED ATTENTION ON
LABOR'S TROUBLES. RELATIVE FAILURE OF BAN SO FAR
AND LABOR'S DISARRAY HAVE WORKED TO ADVANTAGE OF
GOVERNMENT WHICH HAD BRACED ITSELF FOR MORE TROUBLE
THIS SPRING THAN HAS APPEARED TO DATE. EXPORT BAN,

HOWEVER, HAS POTENTIAL FOR BEING MORE DISRUPTIVE, AND THIS COULD THROW GOI POLITICAL CALCULATIONS FOR JUNE ELECTIONS OUT THE WINDOW. END SUMMARY.

1. EXPORT LOADING BAN (REFTEL) CALLED BY GENERAL AND TRANSPORT WORKERS FEDERATION (VMSI) AGAINST REYKJAVIK AND OTHER PORTS APRIL 13 HAS DRAWN ATTENTION TO DIVISIVENESS WITHIN ICELANDIC LABOR MOVEMENT AT TIME WHEN NATIONAL ELECTION CAMPAIGN WILL SOON BE GETTING UNDER WAY. INSTEAD OF DEMONSTRATING LABOR SOLIDARITY TWO MONTHS BEFORE JUNE 25 ELECTIONS, EXPORT BAN HAS HIGHLIGHTED FISSURES WITHIN LABOR MOVEMENT. VMSI BAN IS FAR FROM UNIVERSAL WITH BRANCHES OF FEDERATION OPTING OUT AND SOME UNIONS GRANTING EXEMPTIONS FOR DIFFERENT CATEGORIES OF EXPORTS. VMSI CHAIRMAN AND VICE CHAIRMAN ARE FEUDING, AND FEDERATION'S THREAT TO PREVENT FISHERMEN FROM UNLOADING CATCH IN OTHER COUNTRIES HAS DRAWN ANGRY RESPONSE FROM SEAMEN'S UNION. ICELANDIC FEDERATION OF LABOR (IFL), CURRENTLY HEADED BY VICE PRESIDENT SNORRI JONSSON OF FAR-LEFT PEOPLE'S ALLIANCE (PA), IS SPLIT ON BAN WITH JONSSON UNABLE TO MUSTER SUPPORT FOR MOVE WITHIN IFL.

2. GOI ECONOMIC MEASURES APPROVED IN FEBRUARY (REYKJAVIK 0251 NOTAL) HAVE HAD CATALYTIC EFFECT
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IN DISSOLVING WHATEVER LABOR UNITY ONCE EXISTED. MANY WITHIN IFL WERE UNHAPPY ABOUT LAST YEAR'S WAGE SETTLEMENT WITH FEDERATION OF STATE AND MUNICIPAL EMPLOYEES (BSRB) BOTH OUT OF JEALOUSY AND BECAUSE THEY FELT THAT EXCESSIVE BSRB DEMANDS MADE GOI CUTBACK INEVITABLE. WHILE LABOR AS WHOLE WAS DISPLEASED BY ECONOMIC PACKAGE, MANY MODERATE LABOR LEADERS AGREED PRIVATELY THAT SOMETHING HAD TO BE DONE TO TRY TO CONTAIN INFLATION. THEY DID NOT FAVOR MILITANT REACTION TO GOI PROGRAM WHICH LEFTIST UNION LEADERS SUPPORTED, AND WHEN BSRB AND OTHER LEFTIST UNIONS CALLED FOR GENERAL STRIKE MARCH 1-2 LABOR MODERATES DID NOT RESPOND (REYKJAVIK 0330 NOTAL). THIS HAS ENGENDERED EVEN MORE BITTERNESS BETWEEN LEFTIST AND MODERATE LABOR LEADERS.

3. INCAPACITATION OF IFL PRESIDENT BJORN JONSSON OF SOCIAL DEMOCRATIC PARTY (SDP) HAS PREVENTED PROMPT RECONCILIATION. JONSSON, FORMER GOVERNMENT MINISTER AND RESPECTED LABOR LEADER, WAS STRIKEN BY HEART ATTACK IN FEBRUARY AND, AT AGE 61, HE IS THOUGHT TO HAVE DEPARTED OFFICE FOR LAST TIME.

SNORRI JONSSON IS SEEN AS LIKELY TO CONTINUE AS
ACTING PRESIDENT UNTIL 1980 IFL CONVENTION. HIS
INABILITY TO BUILD CONSENSUS WITHIN IFL IS BASED ON
HIS UNCOMPROMISING ATTITUDE, LACK OF PERSONAL
POPULARITY, SHORTAGE OF MANAGERIAL ABILITY, AND HIS
LONG-HELD COMMUNIST BELIEFS. DISSENSION WITHIN
RANKS OF IFL COULD WELL CONTINUE THROUGHOUT HIS
TENURE, THEREBY RAISING QUESTIONS ABOUT ABILITY OF
ANYONE TO MANAGE LABOR FOR NEXT TWO YEARS.

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C O N F I D E N T I A L SECTION 2 OF 2 REYKJAVIK 0553

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4. MORE AND MORE MAN IN THE STREET, EVEN IF HE IS
UNION MEMBER, COMPLAINS ABOUT LABOR UNREST GETTING OUT
OF HAND. STRIKES DURING IFL NEGOTIATIONS LAST YEAR
AND BSRB STRIKE IN OCTOBER STARTED TO DISTURB
ICELANDERS GENERALLY INURED TO SUCH ACTION. SUBSEQUENT
STRIKES BY JOURNALISTS, PILOTS, DOCKWORDERS, AND
MARCH 1-2 "GENERAL STRIKE" HAVE ALL ADDED STRAWS TO
CAMEL'S BACK. IN THIS ATMOSPHERE, ORE MODERATE UNION
MEMBERS ARE RETICENT ABOUT PUSHING PUBLIC OPINION
AND GOVERNMENT TO BREAKING POINT THROUGH STRIKE
ACTION. LEFTIST UNIONS, THOUGH WILLING TO TAKE
THE RISKS, ARE ALSO MINDFUL OF POTENTIAL CONSEQUENCES.
FURTHER, MILITANT AS WELL AS MOERATE UNIONS HAVE FELT
IMPACT OF LABOR UNREST INTHEIR OWN WALLETS; THEY
REMEMBER THAT WHILE BSRB WON BIG INCREASES, PROLONGED

STRIKE BY SOME UNIONS IN FEDERATION ALL BUT WIPED OUT GAINS. THIS MAY EXPLAIN IN PART WHY UNIONS, WHICH GINGERLY GAVE THIRTY-DAY NOTICE OF ABROGATION OF CONFIDENTIAL

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CONTRACTS IN FEBRUARY, HAVE STILL NOT CALLED STRIKES THOUGH THEY ARE NOW LEGALLY FREE TO DO SO.

5. POLITICAL SIDE OF LABOR DISORGANIZATION CANNOT BE OVERLOOKED. PA, CHALLENGED ON ITS RIGHT BY SDP, HAS MAINTAINED THAT SOCIAL DEMOCRATS HAVE BETRAYED LABOR MOVEMENT. MEANWHILE, SDP IS IN DIFFICULT POSITION OF TRYING TO PRESERVE LABOR CREDENTIALS WHILE ACTING RESPONSIBLY IN FACE OF CURRENT ECONOMIC PROBLEMS. PA GOT SATISFACTION OUT OF TRYING TO DISTORT SDP POSITION AT TIME OF MARCH 1-2 STRIKE, AND NOW VMSI CHAIRMAN GUDMUNDUR GUDMUNDSSON OF PA AND VICE CHAIRMAN KARL STEINAR GUDNASON OF SDP TAKE SOMEWHAT DIFFERENT VIEWS OF EXPORT BAN MIRRORING THEIR RESPECTIVE PARTY STANCES. GUDNASON, POPULAR LABOR FIGURE, IS SDP ALTHING CANDIDATE FROM REYKJANES WHERE LOCAL BRANCH OF VMSI HAS DECLARED IT WOULD NOT PARTICIPATE IN EXPORT BAN.

6. GOVERNMENT PARTIES SEEM MILDLY OPTIMISTIC THAT THEY CAN MAKE THEIR WAY ACROSS LABOR MINE FIELD TO ELECTION DAY. EXPORT BAN HAS NOT HAD MUCH SUCCESS OVER LAST TWO WEEKS. MAIN HARBORS FOR EXPORTS ARE IN WESTFJORDS AND REYKJANES WHERE VMSI BRANCHES DECLARED THEIR NON-PARTICIPATION IN BAN. WHILE REYKJAVIK AND OTHER PORTS HAVE BEEN AFFECTED, ONLY ABOUT 20 PERCENT OF REYKJAVIK PORT EMPLOYEES ARE INVOLVED WITH EXPORTS, AND THESE WORKERS HAVE BEEN SHIFTED TO OTHER JOBS; NUMEROUS EXEMPTIONS TO BAN HAVE BEEN GRANTED BY UNION AND IN SOME CASES EXPORTS HAVE BEEN TRUCKED OVERLAND TO PORTS UNAFFECTED BY LABOR ACTION.

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7. THERE IS STILL POTENTIAL FOR LABOR TROUBLE AS RESULT OF BAN, HOWEVER. WESTFJORDS BRANCH IS PRESENTLY REVIEWING ITS POSITION, AND FREEZING PLANTS IN SOME PARTS OF COUNTRY MAY BE FORCED TO CLOSE IF BAN CONTINUES TOO LONG. GOI CONFIDENCE NOTWITHSTANDING, LABOR PICTURE IS SO CONFUSED THAT

ALMOST ANYTHING CAN HAPPEN. INDEPENDENCE PARTY,
AS LEADING MEMBER OF COALITION, HAS MOST TO
LOSE IF GOVERNMENT MISHANDLES LABOR SITUATION.
ALREADY CRITICIZED FOR RECENT ECONOMIC MEASURES,
PARTY COULD FACE MORE TROUBLE DURING ELECTION
CAMPAIGN IF LABOR WARFARE BREAKS OUT. NONETHELESS,
ONE THING THAT SEEMS CLEAR IS THAT DIVISIONS WITHIN
LABOR ARE TOO DEEP TO BE BRIDGED IN TIME FOR
UNIFIED ACTION FOR OR AGAINST ANY PARTY IN
ELECTION AND THAT GOVERNMENT, IF IT DOES NOT OVER-
REACT TO PRESENT SITUATION, COULD BE
GIVEN CREDIT FOR STANDING FIRM IN SUPPORT OF ITS
DEFLATIONARY PROGRAM.
BLAKE

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